

Message Text

LIMITED OFFICIAL USE POSS DUPE

PAGE 01 EC BRU 00582 01 OF 02 291946Z

67

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 SPC-03

STR-08 TRSE-00 LAB-06 SIL-01 OMB-01 FEA-02 INT-08

SCI-06 OPIC-12 SS-20 NSC-10 L-03 DRC-01 EA-11 NEA-11

CEQ-02 COA-02 EPA-04 /199 W
----- 124067

R 291729Z JAN 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 6353

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

AMEMBASSY WARSAW

USMISSION OECD PARIS

LIMITED OFFICIAL USE SECTION 1 OF 2 EC BRUSSELS 0582

E.O. 11652: NA

TAGS: ENRG, EMIN,EEC

SUBJ: ENERGY: EC COUNTRIES' COAL PRODUCTION AND
PLANS, C-ER 4-57785

REF: (A) STATE 4413; (B) BONN 1125; (C) BONN 813;
(D) PARIS 1014; (E) LONDON 791

1. SUMMARY. IN RESPONSE TO REFTEL A, WE QUESTIONED EC
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 02 EC BRU 00582 01 OF 02 291946Z

COMMISSION OFFICIALS, WHO INDICATED THAT EC
MEMBER STATES ARE THINKING ABOUT MODIFYING

EARLIER PLANS WHICH CALLED FOR DECREASING DOMESTIC COAL PRODUCTION. COMMISSION OFFICIALS BELIEVE THAT ONLY THE UK AND GERMANY AMONG THE MEMBER STATES WILL IN 1974 BE ABLE TO MAINTAIN COAL PRODUCTION AT 1973 LEVELS. SUBSEQUENT INCREASE PRODUCTION IN ANY IMPORTANCE DEPENDS ON MAJOR LONG-TERM INVESTMENT DECISIONS. THE COMMISSION IS ENCOURAGING EUROPEAN COAL CONSUMERS TO ENTER INTO LONG TERM FOREIGN CONTRACTS AND JOINT VENTURES IN FOREIGN COAL MINES. END SUMMARY.

2. IN RESPONSE TO REFTEL A, ON JANUARY 14 WE SPOKE WITH KARLHEINZ REICHERT, DIRECTOR OF COAL IN THE EC COMMISSION DIRECTORATE GENERAL FOR ENERGY AND WITHIN THE PAST FEW DAYS WITH A COMMISSION COAL EXPERT, FRANCOIS LONG. THE FOLLOWING IS BASED PRIMARILY ON THESE CONVERSATIONS.

3. NEW CONTRACTS. NEITHER COMMISSION OFFICIAL COULD PROVIDE MUCH INFORMATION ON SPECIFIC CONTRACTS. (MEMBER STATE GOVERNMENTS MAY HAVE MORE COMPLETE INFORMATION ON CONTRACTS.) THEY EXPLAINED THAT INTEREST IN LONG-TERM CONTRACTS FOR STEAM COAL WILL DEPEND ON DECISIONS BY COMMUNITY ELECTRIC POWER COMPANIES TO (A) CONVERT FROM FUEL OIL TO COAL IN POWER PLANTS AND (B) BUILD NEW POWER PLANTS USING COAL. SOME POWER COMPANIES ARE ALREADY STUDYING CONVERSION TO COAL. ITALIAN OFFICIALS HAVE SPOKEN OF POSSIBILITY OF CONVERTING TO COAL POWER PLANTS USING SIX MILLION TONS OF FUEL OIL A YEAR. ELECTRICITE DE FRANCE (EDF) IS TECHNICALLY ABLE TO CONVERT MANY OF ITS POWER PLANTS. ATIC (ASSOCIATION TECHNIQUE D'IMPORTATION DE CHARBON), THE FRENCH COAL IMPORTING ORGANIZATION, IS APPARENTLY ATTEMPTING TO PURCHASE STEAM COAL. THE UK HAS A SPECIAL PROBLEM BECAUSE ITS PORTS ARE EQUIPPED TO HANDLE EXPORTS BUT NOT IMPORTS OF COAL. AT A RECENT MEETING IN BRUSSELS, ELECTRIC COMPANY OFFICIALS SEEMED RELAXED ABOUT THE SHORT RUN BECAUSE OF THE LARGE COAL STOCKS ON HAND.

4. DURING OUR CONVERSATIONS, BOTH SOURCES SAID THAT LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 03 EC BRU 00582 01 OF 02 291946Z

COMMUNITY PLANS WILL DEPEND HEAVILY UPON THE ACTIONS OF THE US -- A MAJOR FACTOR IN THE WORLD COAL TRADE. ON THE ONE HAND THEY NOTED CONCERN IN EUROPE THAT IF COAL IS IN SHORT SUPPLY, THE US MIGHT LIMIT EXPORTS. (THEY CITED SOYBEANS.) ON THE OTHER HAND, LONG MENTIONED REPORTS OF THE US TRIPLING COAL PRODUCTION TO 1.8 BILLION TONS, WHICH WOULD MEAN THE US WOULD COME ON THE THE WORLD COAL MARKET IN A MASSIVE WAY. HE ADMITTED THAT THERE IS GREAT UNCERTAINTY ABOUT US PLANS FOR COAL DEVELOPMENT. HE THOUGHT THE SITUATION IN POLAND

WAS CLEARER -- NO SUBSTANTIAL INCREASE IN COAL EXPORTS
PARTIALLY BECAUSE OF INADEQUATE PORT FACILITIES, RAILROAD
STOCK, ETC., AND INCREASED DOMESTIC DEMAND.

5. LONGER-TERM CONTRACTS AND JOINT VENTURES: THROUGH
THE COMMISSION HAS RECOMMENDED JOINT VENTURES AND AC-
QUISITIONS BY EUROPEANS OF FOREIGN COAL MINES, THE
COMMISSION OFFICIAL COULD NOT CITE ANY EXAMPLES OF ACTUAL
SUCCESS ALONG THESE LINES, THOUGH STEEL MILLS ARE TRYING
TO LENGTHEN THE TERMS OF THEIR NEW COKING COAL CONTRACTS.
THE COMMISSION BELIEVES THAT THE HIGH COSTS OF EUROPEAN
COAL WILL FORCE THE COMMUNITY TO LOOK ABROAD FOR INCREASES
IN ITS COAL SUPPLIES. THE COMMISSION HAS BEEN ADVISING
THE MEMBER STATES THAT THEIR COAL CONSUMERS (STEEL MILLS
AND ELECTRIC UTILITIES) SHOULD ENTER LONG-TERM CONTRACTS
(I.E., 12 YEARS) ALONG THE LINES OF COKING COAL CONTRACTS
ENTERED INTO BY THE JAPANESE IN THE 1960'S.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE POSS DUPE

PAGE 01 EC BRU 00582 02 OF 02 291948Z

67

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 SPC-03

STR-08 TRSE-00 LAB-06 SIL-01 OMB-01 FEA-02 INT-08

SCI-06 OPIC-12 SS-20 NSC-10 L-03 DRC-01 EA-11 NEA-11

CEQ-02 COA-02 EPA-04 /199 W

----- 124097

R 291729Z JAN 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 6354

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE
USMISSION GENEVA
AMEMBASSY WARSAW
USMISSION OECD PARIS

LIMITED OFFICIAL USE SECTION 2 OF 2 EC BRUSSELS 0582

6. EXPANSION OF DOMESTIC PRODUCTION: LONG THOUGHT THAT THE MOST TO BE HOPED FOR WAS THAT GERMAN AND THE UK WOULD MAINTAIN 1974 COAL PRODUCTION AT 1973 LEVELS. THE REMAINING COUNTRIES COULD, AT BEST, ONLY SLOW DOWN SOMEWHAT THE EXPECTED DECLINE IN THEIR PRODUCTION. THERE ARE NO COUNTRIES WITH CURRENT PLANS FOR A RAPID EXPNSION OF PRODUCTION, AND ONLY THE UK AND GERMANY ARE CAPABLE OF INCREASING PRUDUCTION IN THE LONG RUN. LONG GAVE THE FOLLOWING REASONS: (A) THE NETHERLANDS
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 02 EC BRU 00582 02 OF 02 291948Z

HAD PLANNED TO CLOSE ALL COAL MINES THIS YEAR, ALTHOUGH IT IS NOW STUDYING THE POSSIBILITY OF OPENING UP A MINE THAT HAD BEEN DEVELOPED BUT NOT USED; (B) IN FRANCE ONLY THE LORRAINE BASIN OFFERS MUCH HOPE SINCE THE OTHER COAL FIELDS ARE ALMOST EXHAUSTED; (C) ALTHOUGH GERMANY COULD INCREASE PRODUCTION BY 20-25 MILLION TONS IN THE FAIRLY SHORT RUN, GERMAN PRODUCTION IS LIMITED BY LABOR AVAILABILITY; (D) THE UK HAS POTENTIAL, BUT ITS LABOR SITUATION IS BAD; AND (E) THE COAL IS RUNNING OUT IN THE SOUTHERN BELGAIN COAL FIELDS AND ONLY THE CAMPINE COAL FIELDS ARE STILL EXPLOITABLE. SUBSTANTIAL PRODUCTION INCREASES DEMAND ENORMOUS CAPTIAL OUTLAYS WHICH WOULD BE JUSTIFIED ONLY BY LONG-TERM COMMITMENTS TO COAL.

7. ENVIRONMENTAL RULES: IN A DISCUSSION WITH A THIRD COMMISSION OFFICIAL, WORKING ON ENERGY-RELATED ENVIRONMENTAL PROBLEMS, WE WERE TOLD THAT IT IS UNLIKELY THAT THE UK, GERMANY AND FRANCE WILL RELAX THEIR RULES TO ALLOW GREATER USE OF HIGH SULPHUR COAL. THE FOCUS WOULD BE MORE ON TREATMENT OF SULPHUR EMISSIONS AND PARTICULATES AT THE PLANTS.

8. DATA ON COAL IN THE COMMUNIT: THE MISSION IS FORWARDING TO THE DEPARTMENT (EUR/RPE) A COPY OF THE OCTOBER SSUE OF THEEUROPEAN STATISTICAL OFFICE'S MONTHLY PUBLICATION ON COAL, WHICH HAS STATISTICS ON COAL PRODUCTION, STOCK, TRADE, ETC. WE SHALL, IN THE FUTURE, FORWARD THIS DOCUMENT TO EUR/RPE EACH MONTH, UNLESS WE ARE NOTIFIED IT IS BEING RECEIVED THROUGH OTHER CHANNELS. WE ARE ALSO SENDING EUR/RPE A RECENT SPEECH BY REICHERT ON "THE POSITION OF COAL MINING IN THE COMMUNITY AND ITS PROSPECTS."

9. THE EC COMMISSION'S MOST RECENT REPORT ON COAL CAN
BE FOUND IN THE OFFICIAL JOURNAL OF THE EUROPEAN COMMUNITIES,
VOLUME 16, NO. C-23 OF APRIL 26, 1973. (COPIES ARE SENT
REGULARLY TO EUR/RPE AND TO THE DEPARTMENT'S LIBRARY.)
COMMISSION OFFICIALS HOPE TO HAVE A COMPREHENSIVE LONG-TERM
ORIENTATION STUDY ON COAL COMPLETED FOR PUBLICATION BY JUNE.
GREENWALD

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COAL, IMPORTS, EXPORTS, PETROLEUM, ELECTRIC POWER, FOREIGN MINISTERS MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ECBRU00582
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740110/aaaaaiiz.tel
Line Count: 230
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: (A) STATE 4413; (B) BONN 1125; (C) B, ONN 813;
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 27 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27 MAR 2002 by worrelsw>; APPROVED <30 MAY 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ENERGY: EC COUNTRIES' COAL PRODUCTION AND PLANS, C-ER 4-57785
TAGS: ENRG, EMIN, EEC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005